



Title: I, Payroll/Personnel Manual

Chapter:

Bulletin: Title I, 08-2, Annual Pay Raise

Date: January 11, 2008

To: Holders of Title I Procedures
Personnel Users Groups
Agency Personnel Offices

This bulletin informs users of the National Finance Center (NFC) Payroll/Personnel System (PPS) of the 2008 Federal pay increase and related processing instructions. This bulletin contains the following sections:

1. Federal Pay Increase
2. Special Rate Supplement
3. Law Enforcement Officers Covered By The GL Pay Plan
4. Locality Pay
5. Life Insurance Coverage
6. Personnel Action Processing Information
7. NFC Printing of SF-50B, Notification of Personnel Action
8. Additional Information
9. Inquiries

1. Federal Pay Increase

Executive Order Number 13454, dated January 4, 2008, authorizes a 2.5 percent across-the-board increase in the rates of basic pay, effective January 6, 2008, for employees paid under the General Schedule (GS) and Foreign Service Schedule statutory pay systems.

By law (5 U.S.C. 5318), the rates for levels I through V of the Executive Schedule (EX-I through EX-V) will increase by 2.5 percent (rounded to the nearest \$100).

Under Executive Order Number 13454, the President also has authorized an increase in the rates of basic pay for administrative law judges (ALJs) of 2.5 percent (rounded to the nearest \$100). The rate of basic pay for AL-1 will be \$149,000. The rate of basic pay for AL-2 will be \$145,400. The rates of basic pay for AL-3/A through AL-3/F will range from \$99,500 to \$137,600. The rates for administrative appeals (AA) judges are directly linked to those of ALJ (see 5 U.S.C. 5372). Therefore, the rates of basic pay for the AA-1 through AA-6 will also range from \$99,500 to \$137,600.

Pay rates for certain other employees are linked to the Executive Schedule. The rates of basic pay for Board of Contract Appeals (BCA) members are calculated as a percentage of the rate for level IV of Executive Schedule. Therefore, BCA rates of basic pay will increase by approximately 2.5 percent. The rate of basic pay will be as follows: Chairman will be \$149,000; Vice-Chairman will be \$144,530; and other members will be \$140,060.

The increase in Federal pay and any applicable locality-based comparability payments or special rate supplements for all eligible biweekly employees will be reflected in salary payments and earnings and leave statements for Pay Period 01 (January 6, 2008, through January 19, 2008). The official payday for Pay Period 01 is January 31, 2008.

The following outlines the processing of the Federal pay increase:

- Federal pay increases processed automatically in Pay Period 01, 2008

NFC will automatically process Federal pay increases for the following types of employees:

- Employees in Pay Plans AL, CO, CP, DN, EX, FC, FO, FP, FS, GG, GH, GL, GM, GS, GT, IJ, IR, IS, LE, LP, NF, NX, NY, PD, PG, PU, SP, SV, TR, and TS.
- Employees who are paid at administratively determined rates (i.e., employees in Pay Plan AD) in those agencies that have notified the United States Department of Agriculture to automatically process the pay increase.
- Reemployed annuitants. The system will automatically generate pay adjustments for all reemployed annuitants. For any reemployed annuitants whose salary is offset by an annuity from the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) (Annuitant Indicator Codes of A, C, E, 1, 4, and 5), personnel offices must also prepare a 917 NOA personnel action when the Office of Personnel Management (OPM) authorizes a cost-of-living adjustment for CSRS and FERS retirement annuities. OPM did authorize one for qualified annuitants in 2008. The increased amount of the employee's annuity must be recorded in the Annuitant Share Amount field. For completion instructions for the Annuitant Share Amount field, refer to Title I, Payroll/Personnel Manual, Chapter 23, Entry, Processing, Inquiry, and Correction System (EPIC).
- Employees who are being paid under Pay Rate Determinant (PRD) code E, F, J, K, 5, or 6.

Note: Employees who are being paid under PRD J and K will not be processed in the first pass of PINE, but will be processed in a subsequent pass in Pay Period 1.

- Federal pay increases not processed automatically in Pay Period 01, 2008

NFC will **not** automatically process Federal pay increases for the following types of employees:

- Employees in Pay Plans ES and FE. A bulletin will be issued for information on processing SES/SFS pay adjustments.
- Experts and consultants (i.e., employees in Pay Plans CG, EC, ED, EE, EF, EG, EH, EI, and IC).
- Employees paid at statutory rates (i.e., employees in Pay Plan SR).
- Employees in Pay Plans AD, AE, DB, FN, HA, IC, IE, IL, NB, OC, OF, PJ, PL, PQ, PZ, RA, RE, RG, RS, RW, SB, SL, SQ, SR, SS, ST, TF, TM, TS, UT, VG, VH, YV, YW, ZA, ZP, ZS, ZT, and ZZ with the exception of employees in those agencies that have notified NFC to automatically process the pay increase. (The pay adjustments for Pay Plans IL, SL, and ST are made at the discretion of the department/agency).
- Employees who are being paid under PRD Code R, U, V, 2, 3, and 4.
- Employees in Pay Plans GG, GS, GM, and GH who are being paid under cooperative agreements and for whom the Federal Government does not pay all the salary (the cooperator pays a portion, or all, of the salary).

Note: Employees who are Americorps members (Special Employment Programs Code V8) are not eligible to receive the 2.5 percent Federal pay increase.

Listings of employees in the “not processed automatically” categories are available upon request. If you would like a copy of the listing for your employees, please contact your agency’s NFC Client Management Representative or your Agriculture Payroll/Personnel User Group (AGPUG) or your Committee for Agriculture Payroll/Personnel Systems (CAPPS) representative.

2. Special Rate Supplement

For employees who currently receive a Special Salary Rate (SSR) supplement because their highest payable rate is currently from an SSR table, it is important to remember that in the event that the locality rate in the employee’s area exceeds his/her SSR supplement entitlement, the employee will cease to be covered by the SSR table and will instead be entitled to the higher locality rate. NFC will do this for entities for whom we are generating the pay raise. Agencies will be responsible for handling this themselves for any pay raise actions that the agency processes.

Note: For those SSR tables applicable to more than one geographic area, it is possible for a grade and step to remain active on the SSR even though that rate is superseded by locality in some of the coverage area(s). In these instances, employees in the higher locality areas would cease to be covered by the SSR.

Effective with the January 2008, pay adjustments, five SSR tables will be terminated entirely because all of the grades and steps on these tables have been superseded by the applicable locality area(s) for the specific table.

These SSR Tables are:

- 0275–Consumer Safety Specialists in Burlington and Camden, NJ (Grade 5, Steps 1–2, and Grade 7, were all that remained in 2007.)
- 0300–Psychologists in Atlanta, GA (Grade 11, was all that remained in 2007.)
- 0402–Pharmacists in various NJ and PA locations (Grade 11, Steps 2–3, were all that remained in 2007.)
- 0405–Medical Records Technicians in Washington–Baltimore locality area (Grade 03, Steps 1–3, and Grades 04–07, were all that remained in 2007.)
- 0446–Internal Revenue Agents in Atlantic, Camden, and Cumberland counties, NJ (Grades 05–06, Steps 1–2, and Grade 07–10, were all that remained in 2007.)

3. Law Enforcement Officers Covered By The New GL Pay Plan

Employees that were converted from GS to GL and are now using the LLEO pay table code will have actions generated by NFC. For those GL employees for whom the 2008 pay increase will remove their entitlement to an SSR supplement, NFC will process the NOAC 894. NFC will also remove the PRD 6 from the employee's record, but will replace the SSR table in PMSO with LLEO which is the LEO special base rate table code.

4. Locality Pay

The locality rate of pay for GS employees may not exceed the rate payable for Level IV of the Executive Schedule (\$149,000 in 2008). As a result of the increase in locality percentages in 2008, the locality rates for GS–15/07, GS–15/08, GS–15/09, and GS–15/10, in the San Jose-San Francisco area; the locality rates for GS–15/08, GS–15/09, and GS–15/10, in the Houston, locality area; the locality rates for GS–15/09, and GS–15/10, in the Hartford, Los Angeles, and New York locality area; and the locality rates for GS–15/10, in the Boston, Chicago, Denver, Detroit, Sacramento, San Diego, and Washington–Baltimore locality areas would otherwise exceed the Level IV rate. Therefore, these identified GS–15 steps in the applicable locality areas are limited to \$149,000 for 2008.

Federal Employees Pay Comparability Act of 1990 (FEPCA) (Public Law 101–509) provides for comparability payments within each locality that is determined to have a pay disparity of greater than 5 percent with non-Federal workers.

The President's Pay Agent has determined that the 2008 locality-based comparability payments will be the same Government-wide and single-agency categories that were authorized for the 2007 locality-based comparability payments.

Changes to locality pay are outlined below:

- **Locality Pay Areas**

The total number of pay locality areas remains at 32 areas for 2008. The boundaries for these locality areas have not changed. (Please note that the 2008 boundaries include the addition of Whatcom County, WA, which was added to the Seattle locality area in July 2007.) The percentage factor for each locality is based on the geographic location of the employee's official duty station. The areas designated as locality pay areas for 2008, along with the corresponding percentage factor for each area, are shown in the Attachment.

Note: Information about the geographic scope of each locality pay area can be found on OPM's Web site at www.opm.gov under Salaries and Wages.

Effective with the processing of Pay Period 01, personnel actions involving a salary change or adjustment (such as a promotion or within rate increase (WRI)) that are submitted for employees whose official duty station is in a locality pay area must reflect the 2008 scheduled salary rate, which does not include the locality-based comparability payment. The PPS will automatically increase the salary amount for employees who are entitled to receive locality pay.

Locality payments will be paid as part of the employee's biweekly salary and will be used in determining the calculations for retirement annuity and contributions to the Thrift Savings Plan (TSP), life insurance, overtime, and other premium pay. For most employees, the amount of locality pay will be determined by multiplying the employee's scheduled annual rate of pay by the percentage factor for the locality pay area.

- **Employees ineligible to receive locality-comparability payments**

The following group of GS employees do not receive locality-based comparability payments because they are already receiving pay rates that exceed locality:

- Employees entitled to a special salary rate supplement that exceeds the locality pay for their pay area. However, as referenced in OPM's CPM-2008-2, the SSRs for employees covered under 5 CFR 530.312.322 will also increase by 2.5 percent.

Note: 5 U.S.C. 5305(a)(1) limits the maximum special rate to the rate payable for the Level IV of the Executive Schedule (\$149,000 in 2008). As a result,

some employees covered by the 576 SSR table (applicable to certain positions at DOC–PTO only) will not see the full 2.5 percent increase to their SSR supplement.

- Effective May 1, 2006, employees in retained pay (i.e., employees with PRD J, K, R, U, or V) were no longer eligible for locality pay. The appropriate pay increase for these individuals must be processed in accordance with OPM guidance for employees on pay retention. As mentioned earlier, NFC will process those employees covered by PRDs J and K, but the agency must process any covered by PRDs R, U, or V.

5. Life Insurance Coverage

If there is an increase in the regular life insurance coverage as a result of the pay increase, the related increase in life insurance deductions will be effective at the same time.

6. Personnel Action Processing Information

OPM does not require a separate personnel action for those employees who receive a locality payment or special rate supplement increase along with the Federal pay increase authorized under 5 U.S.C. 5303. Therefore, NFC will automatically generate one personnel action for both the Federal pay increase and locality-based comparability payment/SSR supplement increase.

Data required for a salary change personnel action:

In addition to the standard items required for a salary change, the personnel action must include the following:

- The effective date of the new rate (i.e., January 6, 2008).
- The 2008 scheduled salary rate (do not include the locality-based comparability payment. PPS will automatically increase the salary amount for employees who are entitled to receive locality pay).
- NOAC 894, QWM/ZLM, Reg 531.207, and Executive Order Number 13454 for GS employees (e.g., GS, GL, GM, etc.).
- NOAC 894, ZLM, QUB; Executive Order Number 13454, and Reg 530.303(d) for a GS/GL employee whose locality rate exceeds his/her special salary rate. The employee's PRD will be changed to "0" and the SSR pay table code will be removed from the PMSO record.

Note: For employees in the GL pay plan, the SSR Pay Table Code in PMSO will be replaced with the Law Enforcement Officer pay table of LLEO.

- NOAC 894, ZLM, Reg 534.504, and Executive Order Number 13454 for Pay Plans SL and ST.

- NOAC 894, ZLM, and the authority cited by the agency for Pay Plan AD.

Note: Agencies with special authorities must use the authority specific to their agency. For detailed instructions, refer to OPM's Guide To Processing Personnel Actions (GPPA), Chapter 17. (Please note that there were changes to the GPPA that may be applicable to this year's pay raise.)

- The authentication date is the date that the Executive Order Number for the Federal pay increase was signed (i.e., January 4, 2008).

7. NFC Printing of SF-50B, Notification of Personnel Action

NFC will print SF-50Bs by agency request only. Once printed, the forms will be mailed to the address provided by the requestor. SF-50Bs will be mailed "Return-Receipt Requested" to ensure receipt. NFC's Client Management staff will coordinate verification of addresses and receipt of the forms.

If reprints of SF-50Bs are requested, the agency will be charged for the printing, mailing, and labor associated with the reprinting of the forms. The reprints will be mailed "Return-Receipt Requested" as well.

8. Additional Information

The following is provided to assist you in processing personnel actions in Pay Period 01:

- The general adjustments that take effect in January 2008, must be processed before any individual pay action (i.e., WRI or promotion) that takes effect on the same date. General adjustments include across-the-board increases under 5 U.S.C. 5303 and increases in locality payments or other geographic adjustments, special rate supplements and retained rates. If multiple individual pay actions become effective on the date of the January 2008 pay adjustment, those actions must be processed in the order applicable to the employee's pay system (i.e., the simultaneous action rule for GS employees in 5 CFR 531.206).

- Personnel Edit Subsystem (PINE) Edit Messages

To avoid a system-generated rollback, agencies should have ensured that all personnel actions with effective dates prior to Pay Period 01, January 6, 2008, were entered before the processing of PINE pass 1 (on or before January 12, 2008).

Any rollback action will result in the rollback of all personnel actions (agency-initiated or system-generated) that have applied in the current pay period, including the system-generated change in SCD and the Federal pay increase/locality-based comparability.

These actions are then placed in suspense (EPIC suspense), and will appear on the Listing of Personnel Error Messages with Override Code F, and with the edit

message "*In Suspense Due To Rollback-Take Appropriate Action.*" The document(s) will remain in suspense until action is taken.

The system will produce Document Type 999 informational edit messages on the Listing of Personnel Edit Error Messages in Pay Period 01 to identify employees who did not receive an automatic pay raise (e.g., GM employees whose salaries are less than the minimum salary range for the step).

The first pass of PINE for Pay Period 01 will be executed on January 14, 2008. The pass will begin prior to the beginning of business on January 14, 2008. Due to the large volume of personnel and payroll documents effective during Pay Period 01, pass 1 may continue to execute into the work day of January 15, 2008. In order to accelerate the processing of these actions and maximize the use of system resources for the pay raise processing cycle, we respectfully request that users refrain from accessing the Mainframe resources during this period. Consult the NFC Electronic Access Bulletin Board on the NFC Mainframe for updates on the processing of the pay raise actions and system availability.

The second pass of PINE for Pay Period 01 will not be executed until the evening of Wednesday, January 16, 2008.

- HCUP

If a HCUP package is processed during Pay Period 01, 2008, the system-generated actions (e.g., the change in SCD and the Federal pay increase/locality-based comparability payment) will become part of the HCUP package. Special measures should be taken to ensure that these system-generated actions are reapplied during Pay Period 01 regardless of whether the HCUP package is subsequently deleted.

9. Inquiries

This bulletin supersedes Bulletin 07-1, 2007, Federal Pay Increase And Locality-Based Comparability Payment, dated January 17, 2007. For questions about policy/regulations, contact your AGPUG or CAPPS representative. For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.



MARK J. HAZUDA, Director
Government Employees Services Division

Attachment

Locality Pay Areas For 2008

Locality Pay Area*	New Locality Rate**
Atlanta–Sandy Springs–Gainesville, GA–AL Combined Statistical Area (CSA)	17.30
Boston–Worcester–Manchester, MA–NH–ME–RI–CSA	22.51
Buffalo–Niagara–Cattaraugus, NY	15.37
Chicago–Naperville–Michigan City, IL–IN–WI CSA	23.16
Cincinnati–Middletown–Wilmington, OH–KY–IN CSA	17.77
Cleveland–Akron–Elyria, OH CSA	17.11
Columbus–Marion–Chillicothe, OH CSA	15.80
Dallas–Fort Worth, TX CSA	18.74
Dayton–Springfield–Greenville, OH CSA	15.26
Denver–Aurora–Boulder, CO CSA	21.03
Detroit–Warren–Flint, MI CSA	22.53
Hartford–West Hartford–Willimantic, CT–MA CSA	23.97
Houston–Baytown–Huntsville, TX CSA	27.39
Huntsville–Decatur, AL CSA	14.23
Indianapolis–Anderson–Columbus, IN CSA	13.51
Los Angeles–Long Beach–Riverside, CA CSA	25.26
Miami–Fort Lauderdale–Miami Beach, FL Metropolitan Statistical Area (MSA)	19.11
Milwaukee–Racine–Waukesha, WI CSA	16.73
Minneapolis–St. Paul–St. Cloud, MN–WI CSA	19.43
New York–Newark–Bridgeport, NY–NJ–CT–PA CSA	26.36
Philadelphia–Camden–Vineland, PA–NJ–DE–MD CSA	20.14
Phoenix–Mesa–Scottsdale, AZ	14.74
Pittsburgh–New Castle, PA CSA	14.93
Portland–Vancouver–Beaverton, OR–WA MSA	18.72
Raleigh–Durham–Cary, NC	16.82
Richmond, VA MSA	15.40
Sacramento–Arden–Arcade–Truckee, CA–NV CSA	20.25
San Diego–Carlsbad–San Marcos, CA MSA	22.00
San Jose–San Francisco–Oakland, CA CSA	32.53
Seattle–Tacoma–Olympia, WA CSA	19.75
Washington–Baltimore–Northern Virginia, DC–MD–PA–VA–WV CSA	20.89
Rest of U.S. (RUS)-portions of the United States not located within another pay locality area.	13.18